



Rush Prudential HMO, Inc. v. Moran, 536 U.S. 355 (2002)

Topics Covered: ERISA Preemption, Independent Review and Patient Rights

Outcome: Very Favorable

Issue

The issue in this case was whether the federal ERISA statute preempted the “independent review” provision of the Illinois HMO Act.

AMA Interest

The AMA supports state laws that require managed care organizations to treat beneficiaries fairly.

Case Summary

Moran sought reimbursement for the expense she incurred in having microneurolysis surgery. Rush, her HMO, contended that her treatment was not medically necessary and denied her claim. The Illinois HMO Act requires that, in such disputes, the matter be submitted to an independent reviewer for a binding determination. Rush refused to provide the independent reviewer, so Moran obtained a court order compelling the independent review. The trial court denied Rush’s objection that ERISA preempted the Illinois HMO Act’s independent review requirement.

The independent reviewer found that the microneurolysis surgery was medically necessary, but Rush still refused to pay. When Moran sought a court order requiring Rush to pay, however, the same court that had ordered the independent review now found for Rush. It held that, although ERISA did not preempt the HMO Act’s requirement of independent review, it did preempt that portion of the Act which required the HMO to comply with the findings of the independent reviewer.

Moran appealed to the United States Court of Appeals for the Seventh Circuit. The Seventh Circuit reversed, holding that the independent review provision of the Illinois HMO Act fell within ERISA’s “savings clause” and thus was not preempted by ERISA. The United States Supreme Court granted Rush’s request to hear the case, and, by a five to four decision, held in Moran’s favor. The case was remanded to the trial court to ascertain whether the HMO was liable for Moran’s attorneys fees and, if so, for how much.

Litigation Center Involvement

The Litigation Center and the Illinois State Medical Society (ISMS) filed an amicus curiae brief on the plaintiff's behalf in the Seventh Circuit. The Litigation Center and ISMS argued that the Illinois law addressed matters of health care regulation, which the federal government never intended to be governed by the ERISA statute.

The Litigation Center and ISMS (along with the American Psychiatric Association) also filed an amicus curiae brief on behalf of Moran and the Illinois HMO Act in the United States Supreme Court.